

Life-cycle Behavior: Implications and Managerial Practices

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Abstract

The study examines the life cycle cost of the two systems. The objective is to gain better understanding of and knowledge into the life cycle costing behavior from the perspective of a buyer. It is discovered that between 42-49 % of the total costs of the two systems under study over actually took place when a purchasing decision was made. In addition, almost 100% of the life cycle cost of the systems under study was committed when a selection is made. This implies that, after the acquisition, the cost management capability is greatly diminished. This finding is essentially consistent with the original viewpoint of system acquisition which is from the design. Finally, the life-cycle cost has become an integral part of the ongoing public-private partnership initiative since it ensures that the public interest is protected.

Keywords: life cycle cost management, acquisition, and procurement

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